

AN ADDRESS ON LIFE INSURANCE

Continental Opens Its San Francisco Offices.

TYREE'S TIMELY TALK

Object of the Company to Build Up a Great Western Institution—Stock for Policyholders.

At the opening of the San Francisco offices of the Continental Life Insurance and Investment company on Tuesday evening, January 23, several of the directors from Utah were present. The following address by President Hiram Tyree delivered on the occasion of the opening of the offices, was a timely and interesting talk on the subject of life insurance in general and the Continental in particular.

On behalf of the officers and directors of the CONTINENTAL LIFE INSURANCE AND INVESTMENT COMPANY, I welcome you to this reception given on the occasion of the Company establishing a general office in this city. The object of such a reception, as you well know, is to meet socially and get better acquainted with each other.

We have invited the stockholders, officers and directors, the policyholders in and around San Francisco, and the agents who have been working in this territory and those who have recently come here to connect themselves with the Company in this field.

I wish to give this evening, some remarks upon the subject of "THE CONTINENTAL LIFE, WHY ORGANIZED AND FOR WHAT DOES IT STAND," but before doing so I would like to offer some comments upon the subject of life insurance in general, which will probably prove of interest, and will furnish some reasons why we meet this evening as persons interested in the success of this new western company.

The Insurance Department of the State of New York has organized in 1850. At that time 14 of the leading Companies of the United States had in force about \$140,000,000 of insurance, assets of \$20,000,000, and surplus of \$5,000,000. On December 31st last, 42 Companies making reports to that department, showed insurance in force of over \$12,000,000, assets of more than \$2,000,000, and surplus of over \$350,000,000. The increase of the assets of Companies during this period was 15,000 per cent, and the increase in surplus nearly 7,000 per cent. To give you an idea of what this means as compared with other lines of business, I will say that the increase in the assets of all the railroads in the United States during this period was only 1,100 per cent, and the entire material wealth of the United States during the same period had increased to only about 500 per cent. The percentage of increase of life insurance during this period has been ten times greater than that of our railroads, and twenty times greater than that of the material wealth of the country.

There has not been a single failure of an old line insurance company during the past ten years, but according to the reports of the Commercial Agencies, there have been more than 120,000 commercial failures, with liabilities of over \$1,500,000,000; there has been during the same period more than 1,000 bank failures in the United States, with liabilities of over \$250,000,000, and more than 150 railroad receiverships involving 20,000 miles of railroad, and stock and bond issues of more than \$1,000,000,000.

These statements are given you to show that we are interested in a line of business that is the safest, and managed with more care than any other of the large business enterprises in organized society.

This statement is of special importance, in view of the fact that the public mind is in danger of being grossly misled in the opinion it is forming of life insurance. It is proved, and always will be as long as there is life, that what it is, that the management of the business has not altogether been perfect, and that the recent investigations and disclosures in connection with the large eastern companies have shown good reason for severe criticism, and there is no disposition in any quarter, so far as I know, to shield the persons guilty of these offenses, but, as a result of these investigations I prophesy that there will not be one single receiver appointed for any life insurance company. You will agree that it is much better to have an investigator than a receiver. We must not allow ourselves because of the disclosures that have been made of individual shortcomings and of certain practices which cannot meet with approval, to condemn without reserve the most beneficent institution in civilized society. Let us keep clearly in mind this distinction, THAT IT IS NOT THE SUBJECT OF LIFE INSURANCE THAT IS BEING INVESTIGATED, OR IS ON TRIAL, BUT THE MISDEEDS OF INDIVIDUALS CONNECTED WITH THE INSTITUTIONS.

During the recent period of investigation and public comment, much has been said that was good, and much more has been said that was bad. There are those who desire to take advantage of the situation by being themselves before the public in magazines and newspapers, and pose as authorities on life insurance. Careful reading of many of these articles by anyone at all familiar with the subject, will disclose a vast amount of ignorance. I make these remarks, not with any desire to shield what was wrong in the conduct of these Companies, but to call attention to the fact that the press and various State legislatures and officials are likely to go to the other extreme. I think that out of all these discussions good will certainly come, although for the time being a great deal of damage has been done on account of the sweeping criticism, causing the surrender of many policies in nearly every Company doing business at the present time.

There is a great difference between tearing down and building up. We have all noticed that when any structure, a building for example, is being torn down, any ordinary workmen may be employed to do the greater part of it, but when a building is to be constructed, skilled men, experienced in their work are required. It is very

easy to criticize, but much more difficult to suggest a remedy. These remarks apply to officers, directors and stockholders in individual companies, as well as to the public attitude toward the subject of life insurance in general.

There is a distinction between conducting the business of a life insurance Company and that of a savings bank, with which it is often compared, or with that of commercial banking. In the case of a savings bank especially, particular effort is made to get deposits except by ordinary advertising. In fact, it is considered bad taste upon the part of bank officers to directly solicit business. The depositors bring their money to the bank; and the bank in turn pays the interest on the money together with a stipulated amount of interest at a designated time. The Life Insurance Company proposes to do quite a different thing for the policyholder or depositor. But in mind, that all forms of policies have a date of maturity, just the same as deposits in a savings bank, but the Insurance Company, in addition to paying the amount of deposits with or without interest, the return of the money at stipulated periods, agrees to pay a guaranteed amount upon the death of the depositor. The essential feature of an insurance contract is the provision for a stipulated amount to be paid in the event of the death of the depositor, or at certain other designated periods mentioned in the contract. Human nature is such that but few men will make provisions for the maintenance of those depending upon them after their death, without being urged to do so by some one soliciting the business. It is not so with material things that they are handing over to day, such as the protection of buildings, live stock, grain fields and other assets, by fire insurance, or even the provision of making deposits of cash in banks for interest earnings. A Life Insurance Company cannot, therefore, exist without the active solicitor.

A writer in a recent magazine article states "that to conduct the business of life insurance successfully, requires neither energy nor initiative. Probably the most of you if not all, are insured. I should like to have each one of you ask yourself if you would be carrying the policies you now have, had it not been for the energy and initiative of the agents who secured your applications, and it must have occurred to you that back of the agents there was energy to help keep him at work, and initiative that brought out the modern contract that you buy today.

The work of the life insurance agent is a high calling, because he compels men to provide for their own after they are dead and gone. I know of no other work in which men are now engaged that is more commendable, and I think there is no more useful occupation than the man who gives up his life to influencing men to do their duties to their families. I speak of the work of the agent from the fact that some of the most successful life insurance Companies state that the Energy Companies do not solicit insurance, and therefore conduct their business with less expense and with better results to the public. I wish to emphasize the fact, that if life insurance is a beneficent institution, then the more people that can be induced to provide for the benefits thereunder, the greater service this institution gives to humanity. I say emphatically, that despite the mistakes that have been made the American Life Insurance Companies have been and are the institutions which have done more good to the masses of the people of the United States, than all other financial organizations.

The extent to which life insurance would be taken without agents may be inferred in the business of the old Equitable Assurance Society of London, organized in 1762, whose business was conducted without agents for a period of 143 years. It has insurance at the present time of about \$35,000,000, not much more than one of your small California Companies which has been in existence only five years, and not any more than the Continental Life Insurance Company, which has been in existence for the next two years.

There is another phase of the subject which I wish to mention, and that is the fact that the Continental Life Insurance Company is absolutely necessary on account of the nature of the contracts made with policyholders. These contracts do not mature, as a rule, for a term of years, and therefore, it is essential for the Companies to hold surplus funds to meet emergencies that may arise which cannot be foreseen.

I wish to say that the policy of writing deferred dividends was entered into by the American Life Insurance Companies for the very purpose of accumulating this surplus to strengthen the Companies, and thereby protect the policyholder, and this form of a policy has certainly met with approval by the public, for the reason that since the deferred dividend policy was placed upon the market the amount of insurance sold has greatly increased. And I will state further that Companies writing the deferred policies, in the United States, have been doing in the United States. This shows that this form of policy meets with public approval.

To illustrate the five leading Companies that have been paying out their surplus from year to year in the form of annual dividends, and in force in 1898, \$448,000,000 of insurance, and on the 1st day of last January, had only \$398,000,000 in force, showing an increase in 37 years of \$55,000,000, while four deferred dividend Companies had in force in 1898, \$332,000,000, and on January 1st, had the gigantic sum of \$5,779,000,000, or an increase of over \$5,400,000,000 during 37 years; or in round numbers, ten times greater than the increase of the five Annual Dividend Companies. I give this information because I thought possibly some of you would not have access to the same, and seeing so much criticism in the press on deferred dividend policies it will be worth something to you to know the real facts as they exist.

We often hear people say that life insurance costs too much. Some of our shrewdest and best business men often make this statement, and we also hear statements to the effect that life insurance in the United States costs more than it does in foreign countries, but what are the facts in the case? The average premium of a whole life policy in 69 English Companies is \$28.69 per \$1,000, of the leading French Companies \$30.70, an average of the 39 German Companies \$28.62, while the average premium of the leading American Life Insurance Companies is \$27.44, being less than the average of either the English, French or German Companies.

The necessity for safety in life insurance requires that a premium somewhat larger than is supposed to be absolutely necessary is charged for life insurance, for the reason that it runs over a long period of years, and no

one can look into the future with certainty, and determine just what the conditions will be.

For instance, what Fire Insurance Company would be willing to fix a uniform rate that would be charged for the next 25 or 30 years? That is what the Life Insurance Companies by their contracts must do. What manufacturer, or what railroad company would be willing to agree upon a permanent rate for a commodity, or as a carrying charge for the next 25 or 30 years? In Life Insurance a rate is charged, which experience has taught to be adequate, and the savings are returned to the policyholders in what is known as "dividends," so that in the end they get insurance for the absolute cost, and the Company conducts its business on a plan that may be regarded as safe as human ingenuity can devise.

It is well known that thousands of Assessment Companies have started in this country during the past 25 years, with a view to furnishing life insurance for about one-half what it costs the regular Companies. All that exists of the most of them is a memory, and this is the result that usually follows when somebody undertakes to furnish an article for less than its cost.

I have made the above explanation and defense, because I believe it is our duty to give the facts, so that we will not be misled by the criticism and discussions that appear in the press and otherwise, and that are likely to continue for some time, and we, as officers, directors and solicitors of this new Western Company should be ever on the alert to defend that which is good in all life insurance Companies, as well as to avoid that which may not be desirable.

I shall now devote a few remarks to the Company in which we are all interested, THE CONTINENTAL LIFE INSURANCE AND INVESTMENT COMPANY.

There should be a motive back of any great enterprise. Why organize another Life Insurance Company? was the question which I often asked myself, and was often asked of me when the preliminary work was being done in the way of getting subscriptions to the capital stock of the Company, and discussing its plans of organization. Certainly the field was already covered by many excellent Companies organized in the east, and some few smaller ones in the middle west, and the Coast, and solicitors for these Companies were and are to be found in every nook and corner of every western state and territory. The reasons for the public for organizing this Company, were mainly two, to wit:

FIRST: From an economic standpoint the West, including the mountain and Pacific states, should have one large Life Insurance Company, which would furnish as good, if not better, insurance contracts to the public, and instead of sending premiums collected for such insurance to the money centers of the east they would be invested in securities here at home.

I think the recent criticism which has had the most telling effect, is the one which states that the New York Companies are too large, too unwieldy, that their business has become too complicated, and that it is almost impossible for any set of officers to give personal attention to its details, and to keep its funds carefully invested in the best class of securities. Also that the accumulation of such vast amounts of money, a large portion of which must always be held in a cash reserve, affords temptation for speculation. In the case of the new and smaller companies being given more consideration, and the public is advised that better returns can be secured on policies in these companies than in the larger ones, which have amassed such vast amounts of money and business details.

Our presentation then to the public was along the line that it was not necessary that an Insurance Company be established in New York City, Boston or St. Louis, in order to insure its success and safety, and that it was not necessary for the people of the coast and intermountain states to send \$10,000,000 or \$15,000,000 of their savings to the east, and to be exposed to the risk of death losses and other expenses to the east to be invested in securities, which will promote the industrial development of that particular section of the country. We believe that the West affords as safe securities, with better rates of interest, than can be obtained in the East.

Second.—We also claim that a new Company has the advantage of an old Company, from the fact that it can avoid some of the mistakes that have been made, and certainly has as an asset the experience of other companies to guide the conduct of its affairs, both in the management of its policies, and in the contracts which are offered to the public.

We have constantly kept in mind this main central thought—not to build up a local Company anywhere, in Salt Lake City, or in San Francisco, but a large Western Life Insurance Company that could be looked upon as distinctly western, large in its scope, and appealing to people in the various sections of the Western States. With that idea in view, and the feeling we solicited stockholders over as wide a scope of country as was possible in the time we had at our disposal before commencing the organization.

This movement of establishing a general office in San Francisco at this time, from which the general business of the Company can and will be conducted, as well as from the general Home Office in Salt Lake City, is but the first step in the original idea of making a Western Company, and bringing into its fold as much influence from as many sources as possible. I realize that there is some objection, and that there are difficulties in welding and moulding an organization on this plan so as to get the best effective results, but so far, no one will dispute that our success has been phenomenal. We have enlisted as stockholders, directors and policyholders some of the best men to be found in the West. This shows that the plan has met with their approval, and the Company is receiving, and will continue to receive, the approval of the public.

We selected Salt Lake City as the Home Office of the Company, not on account of its great prominence as a business or business center, although it stands well in both these, but on account of its geographical location, being in the heart of the West—a railroad center easy to reach from all directions. We have always had in mind the establishment of the principal office in San Francisco, on account of its being the great financial and commercial center of the Pacific Coast. We have now realized this ambition, and this meeting here tonight is to commemorate the establishment of this office.

We have enlisted with the Company some of the prominent citizens of San Francisco, men of financial and business strength, well known all over the State of California, but throughout the entire Western country. We have also in Salt Lake City on our Board of Directors, among our list of policyholders and stockholders, some

of its best citizens. From these two points we expect to operate the business of the Continental Life Insurance and Investment Company.

There are two features, very important ones, to which I wish to call special attention. That is:

One is the recent business transaction which enables the Company to conduct all its business with an absolutely limited expense account. I think this is of greater importance than most of you fully realize, in view of the fact that many Companies expend more than the amount which the policyholders contribute for that purpose, and thereby encroach upon the surplus earnings which should be returned to them. It is certainly a very important announcement to the public—the policyholders and the stockholders and to the agent, that here is one Company that will not spend one single dollar from the funds belonging to the policyholder for expenses or dividends to stockholders. That all its expenses are paid from the source which is understood by all, and our representatives can go to the public with more confidence and more assurance than those of any of the old Companies, whose records for expenses are being so severely criticized.

It is true, that because we have made this departure our competitors are likely to try to find some other method of attack, but so confident am I of the wisdom of this transaction on our part, that I am willing to rise or fall by the results, and I believe that every solicitor present here tonight, and connected with this Company in the field has more confidence in the Company and its future success as a result of this contract, than he otherwise would have had.

The other important step taken by this Company was done at its Board meeting yesterday in this city, when the Board of Directors determined to place 1,000 shares of its capital stock at the disposal of its future policyholders. This, in my judgment, was one of the wisest moves the Company could have made. It gives a policyholder in a stock company an opportunity to become a legal stockholder without paying anything for his stock other than what he pays in his premiums for his insurance, the same amount that he would otherwise pay to any other Company. This gives a large number of policyholders all the legal rights of the original stockholders, and answers all the arguments that can possibly be made against a stock company or account of its limited control by a few men.

This decision of the Board of Directors is in keeping with the central thought mentioned above—that our aim is to build a large Western Life Insurance company, and to interest vitally as many men as possible in every investment the Company has to offer to the public, namely, its capital stock, its policies, and its participation in an investment of the general agents' renewal commissions, capitalized for this purpose through the stock offered by the Western Securities Company.

The result of the first opportunity given, in a large number of original stockholders in the Company; second, there will be a larger number of persons who are both stockholders and policyholders; and third, there will be a large number of investors in the capital stock of the Western Securities Company, which is a capitalization of the renewal interest that had heretofore gone to the general managers of agencies. We pay no renewal commissions to agents, but pay salaries instead, commensurate with the ability of the Manager and the responsibility of the position. The sums of money to be paid to the new commissions, which exceed in the aggregate all first year commissions, are capitalized through the organization of the Western Securities Company, and a profitable investment to our policyholders, and to the general public. This brings in close sympathy with the Continental Life a larger number of men who are interested in its success.

The third part, and not the least important, of this policy contract, we offer to the public. Without going into details, we believe we have made the most liberal contract that can be offered, consistent with safety. We have incorporated a plan of policy contract, which is contained in the policies of the leading insurance companies, and we offer to the public the best results of the experience of the past.

TO CONCLUDE: FIRST: The Continental Life Insurance and Investment Company is an organization which includes in its scope the western field, a plan and purpose to build up an extensive business by modern methods of organization, and to mutualize as far as it can be done, a strong capital stock Company, and to furnish to the public the best there is in modern life insurance.

SECOND: The Company stands for honesty and integrity in its business transactions, with nothing to conceal regarding its policy contracts from the public. Its management aims to be aggressive, but conservative in expenditures, and it intends to present its claims for public patronage without undue cheap advertising. It proposes to be frank and sincere with its policyholders and stockholders, having nothing to conceal that is of vital importance to either.

I cannot close these remarks without calling attention to the fact that our Company is made up of its policyholders, its stockholders, its directors and officers, and that the executive officers must have the support and assistance of all these in order to be successful; but after all the officers, directors or the stockholders, or even the policyholders, may say or do, there yet remains the great factor—THE LIFE INSURANCE SOLICITOR. Business does not come to the Company unless the solicitor then, is the man to whom we must look for the business which will build up this Company, and make it one of the great factors of western civilization.

We have present with us tonight some of our field forces, and some of the men who do the actual work for the Company. On behalf of these gentlemen, many of them strangers in the city, I should like to ask the most considerate courtesy and attention from the stockholders and directors. They will need suggestions and letters recommending the Company, and while they will not encroach upon your time more than is absolutely necessary, I ask that you give them such consideration as the importance of their work demands.

I thank you for your attendance this evening and for your kind attention.

METEOROLOGICAL REPORT.

Yesterday's Record at the Local Office of the Weather Bureau.

Maximum temperature, 27 degrees; minimum temperature, 20 degrees; mean temperature, 24 degrees, which is 6 degrees below the normal; accumulated excess of temperature since the first of the month, 50 degrees; accumulated excess of temperature since Jan. 1, 50 degrees. Total precipitation from p. m. to 8 p. m., trace; accumulated deficiency of precipitation since the first of the month, .09 inch; accumulated deficiency of precipitation since Jan. 1, .60 inch.

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CONFERRING ON NEW SCALE

Miners and Operators' Meeting at Indianapolis—Agreement Not Yet Reached.

Indianapolis, Jan. 27.—Two joint conferences between bituminous coal operators and miners opened today. The joint conference of the Central Competitive field with 900 miners and operators met at 10 o'clock in Tomlinson hall, and at the same hour in Masonic hall the operators and miners of the southwestern district met with 225 present.

On a roll call, on the adoption of the demands made by the miners at their convention just concluded, the motion was lost by a strict party vote between the operators and miners.

The miners of the Southern Competitive field, made of Missouri, Kansas and Arkansas, met in joint conference at Masonic hall. The greater part of the opening session was devoted to perfecting an organization.

T. R. Richardson, president of the Kansas miners, was named as temporary chairman.

On motion of President F. L. Robinson of the operators, the entire subject of a wage scale and the other demands of the miners was referred to the joint scale committee. The motion was seconded by President Mitchell for the miners. The conference adjourned to meet in the city hall tomorrow, which will probably be Wednesday.

The conference between the miners and operators of the southwestern district adjourned until Monday morning after selecting a scale committee.

TESTIMONIAL DINNER.

Miss Alice Roosevelt and Her Fiance Visit Philadelphia.

Philadelphia, Jan. 27.—Miss Alice Roosevelt and Congressman Nicholas Longworth, her fiance, were guests at a testimonial dinner tendered tonight by Isaac H. Clothier to Lloyd C. Griscom of this city, recently appointed ambassador to Brazil. While not exactly a participant at the banquet in Mr. Griscom's honor, Miss Roosevelt was present during the speech-making and was entertained at an informal dinner in an adjoining room by Mrs. Isaac H. Clothier. Before and after the dinner Miss Roosevelt was the guest of Mr. and Mrs. Clement A. Griscom of their country home, "Dolebran," at Haverford.

Congressman Longworth, who was accompanied from Washington by Congressman Grosvenor and Payne, responded to a toast, the subject of his address being a bill which he recently introduced in congress providing for the establishment of permanent residences for American diplomats abroad.

ARMY WEDDING.

Cincinnati, O., Jan. 27.—Miss Catherine Mortimer Cochran, daughter of the late Colonel Cochran of the Sixth Infantry, and Lieutenant Ralph W. Kingman of the Sixteenth Infantry, were married in the city tonight. Lieutenant Kingman came from his post in the Philippines to claim his bride, and they will sail on Feb. 15 from San Francisco for Manila.

LOSES JOB IN CUBA.

Havana, Jan. 27.—Captain Dwight E. Aulman, United States artillery, who since the evacuation of the American troops has been instructor of the Cuban army, left today for San Francisco. The government has not been informed whether an instructor will be detailed to take his place.

DENVER EXCURSIONS.

Via Oregon Short Line. Jan. 27 and 28. Round trip only \$30.00. Tickets good for return to Feb. 10. Ask agents for particulars regarding day excursions. City Ticket Office, 201 Main street.

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